

**In The United States Patent and Trademark Office
On Appeal From The Examiner To The Board
of Patent Appeals and Interferences**

In re Application of: Thomas H. Slaight et al.
U.S. Patent Serial No.: 09/737,697
Filing Date: December 14, 2000
Art Unit: 3691
Examiner: Olabode Akintola
Confirmation No.: 1400
Title: Sourcing System and Method

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Commissioner for Patents
P.O. Box 1450
Alexandria, Virginia 22313-1450

Dear Sir:

Appeal Brief

Appellants have appealed to the Board of Patent Appeals and Interferences from the decision of the Examiner electronically sent January 26, 2009, finally rejecting Claims 2-10 and 12-32, all of which are pending in this case. Appellants filed a Notice of Appeal and Pre-Appeal Brief Request for Review on April 7, 2009, and the Examiner mailed a Notice of Panel Decision from Pre-Appeal Brief Review. Appellants respectfully submit this Appeal Brief with the statutory fee of \$540.00.

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Real Party In Interest

This Application is currently owned by UGS PLM Solutions Inc. as indicated by:

an Assignment recorded on January 31, 2000, from the inventors to A.T. Kearney, Inc., in the Assignment Records of the United States Patent and Trademark Office ("PTO") at Reel 010566, Frame 0203 (6 pages);

an Assignment recorded on December 12, 2000, from A.T. Kearney, Inc. to Ebreviate, Inc. C/O Electronic Data Systems Corporation, in the Assignment Records of the United States Patent and Trademark Office ("PTO") at Reel 011418, Frame 0201 (8 pages);

an Assignment recorded on February 4, 2004, from Electronic Data Systems Corporation to UGS PLM Solutions Inc., in the Assignment Records of the United States Patent and Trademark Office ("PTO") at Reel 014307, Frame 0325 (7 pages).

Related Appeals and Interferences

This appeal is related to Appeal No. 2007-4252 decided by the Board of Patent Appeals and Interferences (the "Board") on March 26, 2008. In response to Appeal No. 2007-4252, the Board reversed all rejections of the claims of the present application that were pending before the Board. A copy of the decision rendered by the Board is included as Appendix C per the requirements of 37 CFR 41.37(c)(1)(x).

To the knowledge of Appellants' counsel, there are no other known appeals or interferences which will directly affect or be directly affected by or have a bearing on the Board's decision regarding this appeal.

Status of Claims

Claims 2-10 and 12-32 are pending in this application and all stand rejected under a Final Office Action electronically sent January 26, 2009 (the "Office Action"). Claims 1 and 11 have been cancelled without prejudice or disclaimer.

Specifically, Claims 2-3, 5-7, 10, 12, and 14-18, 20-22, and 24-32 stand rejected under 35 U.S.C. § 102(e) as being anticipated by U.S. Patent No. 7,249,085 issued to Kinney, Jr. et al. ("*Kinney*"). Claims 4, 8, 13 stand rejected under 35 U.S.C. § 103(a) as being obvious over Kinney in view of U.S. Patent No. 5,835,896 issued to Fisher et al. ("*Fisher*"). Claims 9, 19, and 23 stand rejected under 35 U.S.C. § 103(a) as being obvious over *Kinney* in view of other references.

For the reasons discussed below, Appellants respectfully submit that the rejections are improper and should be reversed by the Board. Accordingly, Appellants present Claims 2-10 and 12-32 for appeal and set forth these claims in Appendix A.

Status of Amendments

All amendments presented by the Appellants have been entered by the Examiner.

Summary of Claimed Subject Matter

The present disclosure is useful in the context of a system for purchasing products or services using a multi-parameter auction, but is not limited to such applications. (Page 1, lines 9-12). Specifically, in certain embodiments, the present invention provides a method and apparatus for receiving multiple parameter bids on at least one product from a plurality of vendors. (Page 3, lines 3-5). A total cost of the product to the purchaser is calculated in response to each vendor's bid according to a total cost formula. (Page 3, lines 6-8). In some instances, a purchaser may wish to adjust the total cost formula during the auction. (Page 3, lines 25-27). Accordingly, an entity may purchase products using an auction process that takes into account a variety of variables of interest to the purchaser other than price. (Page 3, lines 12-15).

In certain embodiments, as illustrated in FIGURES 1-5, a purchaser may begin the process of purchasing products (i.e., product systems, goods, supplies, equipment, services, or combinations thereof) by engaging a facilitator, auctioneer, or implementor of the system to assist the purchaser to purchase the products. (Page 9, lines 21-27). Alternatively, the implementor may be the purchaser itself. (Page 9, lines 27-28). The process may then include seven general steps, in particular embodiments. (Page 10, lines 2-4; FIGURE 1). The steps may include auction planning, the development of a request for information and/or a request for proposal, the issuance of a specification, the execution of an auction, final negotiations, the awarding of a contract, and the generation of a purchase order. (Page 10, lines 4-10). However, additional steps may be included or some or all of the seven steps may be excluded without departing from the scope of the invention. (Page 10, lines 10-23).

As part of the auction planning step, the implementor may identify several (preferably three to four) major cost drivers, as indicated by block 38 of FIGURE 2. (Page 12, lines 9-11). It should be appreciated that the number of major cost drivers could vary. (Page 12, lines 11-13). The major cost drivers may be used by the implementor to determine the comparable total cost for the products and generally include the base price plus applicable warranties, ancillary charges, discounts, rebates, and other charges or expenditures, which the system identifies as parameters. (Page 12, lines 13-18). Such parameters may include items for which a price is charged or other more subjective parameters. (Page 12, lines 18-20). Where parameters are subjective, the purchaser and/or implementor may quantify the

parameter and assign it a cost based upon the importance of the factor to the purchaser. (Page 12, lines 20-23). In addition, one or more formulas may be used to convert a parameter into a cost to be taken into account in a total cost formula. (Page 12, lines 23-25). For example, where a purchaser of equipment expects equipment to fail periodically, the mean time to failure for such equipment may be used to calculate the projected cost of the downtime for the equipment (such as, for example, where the downtime causes an assembly line to be halted). (Page 12, lines 25-30).

Thus, parameters may either be price or non-price parameters. (Page 12, lines 31-32). Examples of price parameters include: (i) base price; (ii) volume discounts; (iii) rebates; (iv) life cycle discounts; (v) utilization charges; (vi) maintenance charges; and (vii) administration charges. (Page 12, line 32 through Page 13, line 1). Examples of non-price parameters include: (i) delivery timing; (ii) national service coverage; (iii) quality levels; (iv) employee skill levels and training; (v) dedicated account management team resources; (vi) custom reporting services; (vii) online ordering; (viii) length of warranty; and (ix) length of contract. (Page 13, lines 1-7). In addition to variable parameters, the cost drivers may also include fixed values such as switching costs or other fixed costs of the supply relationship. (Page 13, lines 7-10).

Using the selected parameters and sub-categories, the implementor creates a total cost formula for each vendor. (Page 14, lines 4-5). The total cost formula may be the same for all participants in an auction or may be specific to each vendor. (Page 14, lines 6-7). The ability to use a formula specific to each vendor allows the software to take into account cost items specific to a particular vendor such as the cost of converting from one vendor to another. (Page 14, lines 7-11). As part of defining the formula, the implementor determines the unit labels and cost constant assigned to each of the parameters. (Page 14, lines 14-17). Thus, as defined herein, total cost is the costs to the purchaser for the products or category of products based on the selected parameters and sub-categories. (Page 14, lines 17-20).

In general, a plurality of vendors are identified for participation in the auction. (Page 15, line 5 through Page 16, line 5). The implementor or purchaser then sends an auction invitation to the listed vendors, as indicated by block 54 of FIGURE 3. (Page 16, lines 6-8). In particular embodiments, the implementor may prepare the vendors for the auction by: (i)

providing an auction help desk having a toll free number and email address; (ii) conducting a vendor information session; (iii) monitoring vendor participation in a practice auction; (iv) troubleshooting technical problems including calling vendors that do not submit bids in the practice auction; and (v) ensuring that the vendors understand the auction process. (Page 16, lines 24-31). Additionally, the purchaser or implementor may provide the vendors with the sub-category specifications and a bid sheet for conducting the auction. The bid sheet may include: (i) subcategories; (ii) parameters; (iii) product specifications; and (iv) minimum service requirements. (Page 17, lines 2-7). A vendor may then use a vendor accessible interface 128, such as the interfaces illustrated in FIGURES 25A and 25B, to participate in the auction. (Page 29, lines 20-23). This interface 128 enables the vendors to place bids on the various parameters for different sub-categories in each category. (Page 29, lines 23-25). The interface displays the vendor's current bid and enables the vendor to view the best bid submitted by another unidentified vendor for each of the parameters. (Page 29, lines 25-28).

As stated above, the implementor or purchaser then calculates a total cost of the product to the purchaser according to the total cost formula. (Page 3, lines 6-8). An activity viewing interface 126 accessible by the purchaser and implementor may be provided through an auction management interface 114. (Page 30, lines 23-26). Interface 126 displays specific information on a selected auction preferably including the total costs, savings, and savings percentage. (Page 30, lines 26-28). The system may also indicate the current best comparable total cost by displaying a low icon and a new bid by displaying a new icon. (Page 30, lines 32-34).

In certain embodiments, the system may provide a purchase accessible interface 130, which enables the purchaser to view high-level bid information, view total savings by supplier, and make total cost adjustments by the supplier to test different scenarios. (Page 31, lines 1-5). The different scenarios may include different weighting of various factors. (Page 3, lines 25-27). A purchaser may also make adjustments using at least one purchaser computer 152 (which may be remotely located) to communicate with a central auction management system 150 via the internet 154 or other suitable communication methods. (Figure 37; Page 32, lines 1-10).

With regard to the independent claims currently under Appeal, Appellants provide the following concise explanation of the subject matter recited in the claim elements. For brevity, Appellants do not necessarily identify every portion of the Specification and drawings relevant to the recited claim elements. Additionally, this explanation should not be used to limit Appellants' claims but is intended to assist the Board in considering the Appeal of this Application.

For example, independent Claim 5 recites the following means plus function limitations as permitted by 35 U.S.C. § 112, paragraph 6:

means for enabling each of a plurality of vendors to submit electronic vendor bids on at least two parameters associated with a product, the electronic vendor bids submitted over an electronic communications network (*e.g.*, Original Claim 1; Figures 4, 5, 25A, 25B, and 37; page 17, line 9 through page 18, line 3; page 29, line 19 through page 30, line 20; page 32, lines 11-19; and page 37, lines 9-29);

means for calculating a total cost of the product to a purchaser for each vendor in response to the vendors bids, the total cost taking into account the at least two parameters associated with the product (*e.g.*, Original Claim 1; Figures 4, 5, 10, 11, 16A, 16B, 17, 19A, 19B, and 37; page 17, line 9 through page 18, line 3; page 19, line 32 through page 20, line 19; page 23, line 8 through page 24, line 3; page 24, line 28 through page 25, line 16; page 32, lines 19-23; page 33, lines 1-34; and page 37, lines 9-29);

means for enabling the purchaser to make at least one adjustment corresponding to at least one of the vendor bids which is used by the calculating means to determine the total cost of the product to the purchaser; and (*e.g.*, Original Claim 5; Figures 26, 36 and 37; page 31, lines 1-10; page 32, lines 7-12; and page 37, lines 22-24)

means for outputting each of the vendors bids and the total cost of the product to the purchaser (*e.g.*, Original Claim 1; Figures 4, 5, 22A, 22B, 24, 26, 27, and 37; page 17, line 9 through page 18, line 3; page 26, line 27 through page 28, line 2; page 30, line 22 through page 31, line 25; page 32, lines 19-23; page 34, line 28 through page 35, line 17; and page 37, lines 9-29).

Dependent Claim 4 recites "means for communicating a vendor bid having the best total cost for the product to the vendors without revealing the identification of the vendor with the best total cost to encourage competitive bidding by other vendors." This is a means

plus function recitation as permitted by 35 U.S.C. § 112, paragraph 6. The structure(s) and function described in the specification as corresponding to this “communicating” function may be found, for example, in Original Claim 4; Figures 25A, 25B, and 37; page 29, line 19 through page 30, line 20; page 37, lines 19-22.

Dependent Claim 8 recites that a “communication means enables messages to be sent to the vendors regarding the status of the bidding, ending time for the bidding and extensions of the bidding.” This is a means plus function recitation as permitted by 35 U.S.C. § 112, paragraph 6. The structure(s) and function described in the specification as corresponding to this “communicating” function may be found, for example, in Original Claim 8; Figures 25A, 25B, 36, and 37; page 28, lines 5-8; page 28, line 23 through page 29, line 17; page 29, line 30 through page 30, line 3; page 30, lines 12-20; page 33, lines 9-23; and page 37, lines 19-22.

Dependent Claim 9 recites “means for calculating an amount of savings for the purchaser and means for communicating the savings to the purchaser.” This is a means plus function recitation as permitted by 35 U.S.C. § 112, paragraph 6. The structure(s) and function described in the specification as corresponding to this “communicating” function may be found, for example, in Original Claim 9; Figures 24, 28, 29, 30, 31; and page 30, line 22 through page 31, line 25.

Independent Claim 15 recites the following limitations:

- a computer readable storage medium (*e.g.*, Figures 36 and 37 and pages 33, lines 24-34);

- software stored on the computer readable storage medium and operable to:

- receive bids from a plurality of vendors, each bid comprising a plurality of parameters associated with at least one product, calculate the total cost of the at least one product to a purchaser for each vendor in response to the vendors’ bids, the total cost taking into account the plurality of parameters associated with the at least one product, and output each of the vendors bids and the total cost of the product to the purchaser (*e.g.*, Original Claim 11; Figures 4, 5, 10, 11, 16A, 16B, 17, 19A, 19B, 25A, 25B, 36, and 37; page 17, line 9 through page 18, line 3; page 19, line 32 through page 20, line 19; page 23, line 8 through page 24,

line 3; page 24, line 28 through page 25, line 16; page 29, line 19 through page 30, line 20; page 32, lines 11-23; pages 33, lines 1-34; page 37, lines 9-29);

enable the purchaser to make at least one adjustment corresponding to at least one vendor bid which is used by the electronic auction system to calculate the total cost of the product to the purchaser; and (*e.g.*, Original Claim 11, Figures 26, 36 and 37; page 31, lines 1-10; page 32, lines 7-12; and page 37, lines 22-24)

output each of the vendors bids and the total cost of the product to the purchaser (*e.g.*, Original Claim 11; Figures 4, 5, 22A, 22B, 24, 26, 27, and 37; page 17, line 9 through page 18, line 3; page 26, line 27 through page 28, line 2; page 30, line 22 through page 31, line 25; page 32, lines 19-23; page 34, line 28 through page 35, line 17; and page 37, lines 9-29).

Dependent Claim 13, which depends from Claim 15, recites the “software is further operable to send data, comprising vendor bid having the best total cost for the product, to the vendors during the auction without revealing the identification of the vendor with the best total cost” (*e.g.*, Original Claim 13; Figures 25A, 25B, and 37; page 29, line 19 through page 30, line 20; page 37, lines 19-22).

Independent Claim 25 recites the following limitations:

receiving bids from a plurality of vendors, each bid comprising a plurality of parameters associated with at least one product (*e.g.*, Original Claim 25, Figures 4, 5, 25A, 25B, and 37; page 17, line 9 through page 18, line 3; page 29, line 19 through page 30, line 20; page 32, lines 11-19; and page 37, lines 9-29);

calculating, using a computer, the total cost of the at least one product to a purchaser for each vendor in response to the vendors' bids, the total cost taking into account the plurality of parameters associated with the at least one product (*e.g.*, Original Claim 25; Figures 4, 5, 10, 11, 16A, 16B, 17, 19A, 19B, and 37; page 17, line 9 through page 18, line 3; page 19, line 32 through page 20, line 19; page 23, line 8 through page 24, line 3; page 24, line 28 through page 25, line 16; page 32, lines 19-23; page 33, lines 1-34; and page 37, lines 9-29);

enabling the purchaser to make at least one adjustment corresponding to at least one vendor bid which is used by the computer to calculate the total cost of the product to the purchaser; and (*e.g.*, Original

Claim 11, Figures 26, 36 and 37; page 28, lines 23-25; page 31, lines 1-10; page 32, lines 7-12; and page 37, lines 22-24)

outputting, using the computer, each of the vendors bids and the total cost of the product to the purchaser (*e.g.*, Original Claim 25; Figures 4, 5, 22A, 22B, 24, 26, 27, and 37; page 17, line 9 through page 18, line 3; page 26, line 27 through page 28, line 2; page 30, line 22 through page 31, line 25; page 32, lines 19-23; page 34, line 28 through page 35, line 17; and page 37, lines 9-29).

Ground of Rejection to be Reviewed on Appeal

1. Are Claims 2-3, 5-7, 10, 12, and 14-18, 20-22, and 24-32 patentable under 35 U.S.C. § 102(e) over U.S. Patent No. 7,249,085 issued to Kinney, Jr. et al. ("*Kinney*")?
2. Are Claims 4, 8, 13 patentable under 35 U.S.C. § 103(a) over the Examiner's proposed combination of *Kinney* and U.S. Patent No. 5,835,896 issued to Fisher et al. ("*Fisher*")?

Argument

The rejection of Claims 2-3, 5-7, 10, 12, 14-18, 20-22, and 24-32 under 35 U.S.C. § 102(e) as being anticipated by *Kinney* is improper and should be reversed by the Board. The rejections of Claims 4, 8, and 13 under 35 U.S.C. § 103(a) as being anticipated by *Kinney* in view of *Fisher* are improper and should be reversed by the Board. The rejections of Claims 9, 19, and 23 under 35 U.S.C. § 103(a) as being anticipated by *Kinney* in view of other references is improper at least because claims 9, 19, and 23 are dependent upon allowable claims.

I. Claims 2-3, 5-7, 10, 12, 14-18, 20-22, and 24-32 are Allowable under 35 U.S.C. § 102

A. Overview

Claims 2-3, 5-7, 10, 12, 14-18, 20-22, and 24-32 stand rejected under 35 U.S.C. § 102(e) over *Kinney*. For the reasons discussed below, Appellants respectfully submit that Claims 2-3, 5-7, 10, 12, 14-18, 20-22, and 24-32 are patentable over *Kinney*. Claims 9, 19, and 23 are dependent claims incorporating the claim elements of their respective independent claims and are allowable for similar reasons.

B. Standard

“A claim is anticipated only if each and every element as set forth in the claim is found, either expressly or inherently described, in a single prior art reference.” *Verdegaal Bros. v. Union Oil Co. of California*, 2 U.S.P.Q.2d 1051, 1053 (Fed. Cir. 1987); M.P.E.P. § 2131. In addition, “[t]he identical invention must be shown in as complete detail as contained in the . . . claim.” M.P.E.P. § 2131 citing *Richardson v. Suzuki Motor Co.*, 868 F.2d 1226, 1236, 9 U.S.P.Q.2d 1913, 1920 (Fed. Cir. 1989). Furthermore, “[t]he elements must be arranged as required by the claim.” *In re Bond*, 910 F.2d 831, 15 U.S.P.Q.2d 1566 (Fed. Cir. 1990); M.P.E.P. § 2131.

The Federal Circuit recently clarified this standard in *Net Moneyin, Inc. v. Verisign, Inc.*, 2008 WL 4614511 (Fed. Cir. 2008). In *Net Moneyin*, the Federal Circuit held that a finding of anticipation under 35 U.S.C. § 102 is proper only when a “reference discloses

within the four corners of the document not only all of the limitations claimed but also *all of the limitations arranged or combined in the same way* as recited in the claim.” *Net Moneyin* at *10 (emphasis added). The prior art reference must “*clearly and unequivocally* disclose the claimed invention ... *without any need for picking, choosing, and combining various disclosures not directly related to each other* by the teachings of the cited reference.” *Id.* (emphasis added, internal typographical notations omitted).

C. The Kinney Reference

Kinney discloses a “method and system for conducting electronic online auctions using multi-parameter price equalization bidding.” (Abstract). Suppliers participate in the auctions by submitting offers or “proposals” composed of multiple bid parameters. (Col. 5, lines 25-33). The bid parameters are used as inputs to a generic function (f). (Col. 5, lines 50-54). The generic function (f) outputs units of measure that enables comparison of the disparate supplier proposals on an “apples-to-apples” basis. (*Id.*).

Kinney describes this process in the context of coal suppliers competing for supply relationship with a prospective buyer. (Col. 7, lines 8-46; Col. 2, lines 38-51). During the course of an auction the coal suppliers submit proposals. (*Id.*) Each proposal typically includes “comparative bid parameters” and “non-comparative bid parameters.” (Col. 8, line 64 through Col. 9, line 6.) Comparative bid parameters are price-based, such as price per physical measure of weight or volume (*e.g.*, \$/ton). (Col. 7, lines 57-58). Non-comparative bid parameters describe various physical characteristics of the coal, such as thermal content (BTU/lb), percentage sulfur, percentage ash, percentage water/moisture, hardness, etc. (Col. 7, lines 13-15). The comparative and non-comparative bid parameters are applied as inputs to the generic function (f). (Col. 7, line 64 through Col. 8, line 1). The generic function (f) outputs a respective price-per-unit-of-energy bid, such as ¢/Million BTU, which *Kinney* refers to as the buyer comparative bid parameter. (*Id.*). After the generic function (f) outputs a buyer comparative bid parameter for each supplier proposal, the buyer can compare disparate proposals on an “apples-to-apples” basis and readily identify the market leading bid proposal. (Col. 8, lines 2-3; Col. 9, lines 14-16).

Kinney states that competition among suppliers may be fostered by broadcasting relative comparisons of bids to the suppliers without disclosing the weights that generic

function (f) applies to various bid parameters. (Col. 9, lines 28-38). In particular, “the auction server broadcasts bids that have been detransformed from the buyer comparative bid parameter (i.e., ¢/Million BTU) into the context (i.e., \$/ton) of the individual suppliers.” (*Id.*) In this manner, “Supplier A can view the competitive climate of the auction without having access to any of the details of the transformation function (f)” and “[c]ompetition is therefore perceived as being based on the \$/ton price, not the ¢/Million BTU price.” (Col. 10, lines 10-16).

D. Claims 2-3, 5-7, 9, 10, 12, 14-18, 20-22, and 24-32 are Allowable over Kinney

Claims 2-3, 5-7, 10, 12, 14-18, 20-22, and 24-32 stand rejected under 35 U.S.C. § 102(e) over *Kinney*. Appellants respectfully submit, however, that the *Kinney* reference does not disclose, teach, or suggest each and every element recited in Appellants’ Claims 2-3, 5-7, 9, 10, 12, 14-18, 20-22, and 24-32.

For example, independent Claim 5 recites:

means for enabling each of a plurality of vendors to submit electronic vendor bids on at least two parameters associated with a product, the electronic vendor bids submitted over an electronic communications network;

means for calculating a total cost of the product to a purchaser for each vendor in response to the vendors bids, the total cost taking into account the at least two parameters associated with the product;

means for enabling the purchaser to make at least one adjustment corresponding to at least one of the vendor bids which is used by the calculating means to determine the total cost of the product to the purchaser; and

means for outputting each of the vendors bids and the total cost of the product to the purchaser.

Thus, Claim 5 recites an electronic bidding system that enables “the purchaser to make at least one adjustment corresponding to at least one of the vendor bids which is used by the calculating means to determine the total cost of the product to the purchaser.”

In the Office Action, the Examiner relies on *Kinney* for disclosure of each and every element of Appellants’ Claim 5. Appellants respectfully submit, however, that *Kinney* does not disclose, teach, or suggest a “means for enabling the purchaser to make at least one

adjustment corresponding to at least one of the vendor bids which is used by the calculating means to determine the total cost of the product to the purchaser,” as recited in Appellants’ Claim 5.

The Examiner relies on two separate sections of *Kinney* to teach the above limitation, but this reliance is misplaced. (*Office Action*, p. 3). For the convenience of the Board, Appellants quote these sections below in their entirety.

This confidential information gives the buyer leverage in altering the supplier’s perception of the relative attractiveness of the submitted bid. During the negotiation process, suppliers may be selectively informed (at their disadvantage) of aspects of the decision making process.

Kinney at Col. 7, Lines 32-34.

Accordingly, the buyer desires to prevent the suppliers from gaining insight into aspects of the transformation function that quantifies the buyer’s weighting of various parameters associated with a supplier’s bid. For this reason, the auction server does not feedback the transformed bids to the participating suppliers.

Kinney at Col. 9, Lines 30-34.

These two sections merely disclose that supplier-bidders are informed of some but not all of the process used to decide an auction winner. However, selectively informing suppliers of the decision making process fails to teach, suggest, or disclose “means for enabling the purchaser to make at least one adjustment corresponding to at least one of the vendor bids,” much less using this means “to determine the total cost of the product to the purchaser.” Indeed, *Kinney* fails to disclose that the total cost *to the buyer* for a particular supplier’s proposal is in any way based on a selective transfer of information to that supplier. Instead, *Kinney* discloses that the buyer comparative bid parameters (i.e., ¢/Million BTU) are fixed by the generic function (f). (Col. 6, lines 6-13).

The Office Action seemingly attempts to cure this deficiency by emphasizing that withholding confidential information from suppliers gives the buyer leverage in altering “the supplier’s perception of the relative attractiveness of the submitted bid.” (*Office Action*, p. 8) (characterizing *Kinney* at Col. 7, lines 32-35). The Examiner fails to explain how merely

“altering *a supplier’s perception*” of the attractiveness of a submitted bid has any affect whatsoever on the total cost of the submitted bid *to the buyer*. Thus, to the extent that withholding information from suppliers gives the buyer “leverage” in altering a *supplier’s perception* of the attractiveness of a submitted bid proposal relative to other bid proposals, such withholding of information fails to teach, suggest, or disclose “means for enabling the purchaser to make at least one *adjustment* corresponding to at least one of the vendor bids,” or using this means “to determine the total cost of the product *to the purchaser*.”

The Office Action also argues that *Kinney* discloses the above limitation allegedly because “the buyer inherently modifies or adjusts the supplier’s bid.” (*Office Action*, p. 8). *Kinney* makes no such inherent disclosure. In fact, *Kinney* *expressly* discloses just the opposite. For example, *Kinney* discloses “Bids 58 can only be submitted using the client component 31 of the application--this ensures that buyers do not circumvent the bidding process, and that *only invited suppliers participate in the bidding*.” (Col. 3, lines 61-64) (emphasis added).

Furthermore, the Office Action fails to provide rational or evidence tending to support the Examiner’s argument that “the buyer inherently modifies or adjusts the supplier’s bid.” According to controlling case law, “[t]o establish inherency, the extrinsic evidence ‘must make clear that the missing descriptive matter is necessarily present in the thing described in the reference, and that it would be so recognized by persons of ordinary skill. Inherency, however, may not be established by probabilities or possibilities.’” *In re Robertson*, 169 F.3d 743, 745, 49 USPQ2d 1949, 1950-51 (Fed. Cir. 1999) (citations omitted). The Office Action attempts to support its inherency argument by stating “each and every bid” of *Kinney* is adjusted by the buyer via the same generic function (f) and that “the factors used in the transformation function [are] confidential to the buyer.” (*See Office Action*, p. 8). The Examiner thus seemingly concludes that if none of the suppliers have complete access to the generic function (f) the buyer in *Kinney* necessarily makes an adjustment to “each and every bid” parameter. This Office Action conclusion is incorrect. For example, *Kinney* does not inherently disclose *the buyer* makes adjustments to “each and every bid” submitted by the suppliers, as suggested by the Office Action, but rather *Kinney* expressly discloses *a server* performs the “*real-time transformation* of multi-parameter bids” via the generic function (f). (Col. 3, line 31).

The Examiner's inherency argument is also fatally flawed at least because the Examiner relies on an alleged transformation of supplier bids via generic function (f) to disclose "means for calculating a total cost of the product to a purchaser for each vendor in response to the vendors bids, the total cost taking into account the at least two parameters associated with the product" *in addition to* "means for enabling the purchaser to make at least one adjustment corresponding to at least one of the vendor bids which is used by the calculating means to determine the total cost of the product to the purchaser," as recited in Claim 5. (*Office Action*, p. 3). In a case where a reference disclosed two fastening elements that could perform the same function as the three fastening elements in the claims, the Federal Circuit held that the reference did not disclose the separate third fastening element, either *expressly or inherently*. *In re Roberston*, 169 F.3d at 745. Appellants' Claim 5 clearly sets forth the "means for calculating" and the "means for enabling the purchaser to make at least one adjustment" as two distinct claim elements. Thus, the Examiner incorrectly relies on the same element of *Kinney* to disclose each of these two distinct elements of Claim 5.

The Examiner also relies on *Kinney* to reject independent Claims 15 and 25. Appellants respectfully submit that *Kinney* does not disclose, teach, or suggest each and every element of Appellants' independent Claims 11 and 25. For example, Claim 15 recites "software stored on a computer readable storage medium and operable, when executed to . . . enable the purchaser to make at least one adjustment corresponding to at least one vendor bid . . . to calculate the total cost of the product to the purchaser." Claim 25 recites "enabling the purchaser to make at least one adjustment corresponding to at least one vendor bid which is used by the computer to calculate the total cost of the product to the purchaser." Thus, for reasons to those discussed above with regard to Claim 5, Appellants respectfully submit that *Kinney* does not disclose, teach, or suggest each and every element as set forth in Appellants' independent Claims 11 and 25.

For at least these reasons, the *Kinney* reference is clearly insufficient to support the Examiner's rejection of independent Claims 5, 15, and 25 under 35 U.S.C. § 102(e). These claims are therefore patentable over the *Kinney* reference. Claims 2, 3, 4, 6-9, and 10 depend directly or indirectly from Claim 5. Claims 12-14, 16-24 depend directly or indirectly from

Claim 15. Claims 26-32 depends directly or indirectly from Claim 25. Thus, for the same reasons that independent Claims 5, 15, and 25 are allowable, these dependent claims are also allowable. Appellants respectfully submit that these rejections are improper and should be reversed by the Board.

II. Claims 4, 8, and 13 are Allowable under 35 U.S.C. § 103

A. Overview

Claims 4, 8, and 13 stand rejected under 35 U.S.C. § 103(a) over *Kinney* in view of *Fisher*. Appellants respectfully submit that the proposed *Kinney-Fisher* combination fails to disclose, teach, or suggest limitations recited in Appellants' claims. Appellants further submit that even if the references did not fail to disclose, teach, or suggest each and every limitation recited in Appellants' claims, the *Kinney-Fisher* combination would still be improper because the *Fisher* teaches away from the proposed combination with *Kinney*. Still further, Appellants respectfully submit that the Examiner has used improper hindsight reconstruction to make the proposed *Kinney-Fisher* combination, which the M.P.E.P. and the governing Federal Circuit case law clearly prohibit. Accordingly, Appellants respectfully submit that the rejections of claims 4, 8, and 13 are improper and should be reversed by the Board.

B. Standard

The question raised under 35 U.S.C. § 103 is whether the prior art taken as a whole would suggest the claimed invention taken as a whole to one of ordinary skill in the art at the time of the invention. *See* 35 U.S.C. § 103(a); M.P.E.P. § 2142. Accordingly, even if all elements of a claim are disclosed in various prior art references, which is certainly not the case here as discussed below, the claimed invention taken as a whole cannot be said to be obvious without some reason given in the prior art why one of ordinary skill in the art at the time of the invention would have been prompted to modify the teachings of a reference or combine the teachings of multiple references to arrive at the claimed invention.

Any rejection under 35 U.S.C. 103 must be supported by a clear articulation of the reason(s) why the claimed invention would have been obvious. The Supreme Court in *KSR International Co. v. Teleflex Inc.*, 550 U.S. 398, 412, 82 USPQ2d 1385, 1396 (2007) noted

that the analysis supporting a rejection under 35 U.S.C. 103 should be made explicit. The Federal Circuit has stated that “rejections on obviousness cannot be sustained with mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness.” *In re Kahn*, 441 F.3d 977, 988, 78 USPQ2d 1329, 1336 (Fed. Cir. 2006). *See also* *KSR*, 550 U.S. at 412, 82 USPQ2d at 1396 (quoting Federal Circuit statement with approval).

The Supreme Court further noted in *KSR* that “[w]hen the prior art teaches away from combining certain known elements, discovery of successful means of combining them is more likely to be nonobvious.” *KSR*, 550 U.S. at 411, 82 USPQ2d at 1395. A reference must be considered in its entirety, i.e., as a whole, including portions that would lead away from the claimed invention.” *W.L. Gore & Associates, Inc. v. Garlock, Inc.*, 721 F.2d 1540, 220 U.S.P.Q. 303 (Fed. Cir. 1983), *cert. denied*, 469 U.S. 851 (1984); M.P.E.P. § 2141.02. It is improper to combine references where the references teach away from their combination. *In re Grasselli*, 713 F.2d 731, 743, 218 USPQ 769, 779 (Fed. Cir. 1983)

In addition, the M.P.E.P. and the Federal Circuit repeatedly warn against using an Appellant’s disclosure as a blueprint to reconstruct the claimed invention. For example, the M.P.E.P. states, “The tendency to resort to ‘hindsight’ based upon applicant’s disclosure is often difficult to avoid due to the very nature of the examination process. However, impermissible hindsight must be avoided and the legal conclusion must be reached on the basis of the facts gleaned from the prior art.” M.P.E.P. § 2142. The governing Federal Circuit cases are equally clear. “A critical step in analyzing the patentability of claims pursuant to [35 U.S.C. § 103] is casting the mind back to the time of invention, to consider the thinking of one of ordinary skill in the art, guided only by the prior art references and the then-accepted wisdom in the field. . . . Close adherence to this methodology is especially important in cases where the very ease with which the invention can be understood may prompt one ‘to fall victim to the insidious effect of a hindsight syndrome wherein that which only the invention taught is used against its teacher.’” *In re Kotzab*, 217 F.3d 1365, 1369, 55 U.S.P.Q.2d 1313, 1316 (Fed. Cir. 2000) (citations omitted).

C. The Fisher Reference

Fisher discloses “a method and system for conducting auctions and mark down sales of merchandise over a computer network without the aid of a human auctioneer.” (Col. 4, lines 14-16). “Descriptions of all offered merchandise may be placed on-line.” (Col. 4, lines 18-19). The *Fisher* system “allows a group of bidders to interactively place bids over a computer or communications network, automatically records the bids, updates the bidders with the current auction status information, closes the auction from further bidding when appropriate, and notifies the winning bidder or bidders and loser or losers as to the auction outcome.” (Col. 6, lines 6-13).

Fisher states “[a] variety of auction formats can be employed within the inventive system depending on the type of merchandise being sold.” (Col. 4, lines 23-25). *Fisher* identifies the variety of auction formats as “Standard,” “Dutch,” “Progressive,” and “Buy or Bid.” (Col. 10, line 6 through Col. 11, line 64). According to the Standard Auction Format, “the electronic auction system awards the merchandise to the top bidder or bidders in accordance with their bids once bidding has stopped.” (Col. 9, line 65 through Col. 10, line 1). In the Dutch Auction format, “the electronic auction system awards the merchandise to all of the top bidders for whom there is available inventory at the price bid by the lowest successful bidder.” The Progressive Auction Format is a combination of Standard and Dutch, such that “the electronic auction system awards the merchandise to the top bidders based on price bid [and the quantity bid]” . . . “up to the quantity available of the item being auctioned.” (Col. 11, line 64 through Col. 12 line 4). According to the Buy or Bid format, “the electronic auction system awards merchandise to bidders who place bids at or above a posted selling price” and “[t]he item remains for sale until the available quantity is purchased.” (Col. 11, lines 44-47). Notably, in each of the auction formats disclosed in *Fisher* the bidders are prospective **purchasers** who are competing for merchandise offered for sale. In addition, each auction format is designed to keep “the price of the merchandise as high as possible to the sellers benefit.” (See, e.g., Col. 11, lines 60-64; Col. 5, lines 7-9).

D. Claims 4, 8, and 13 are Allowable over the Proposed Kinney-Fisher Combination

Appellants respectfully submit that, even when combined, the references clearly fail to disclose, teach, or suggest limitations recited in Claims 4, 8, and 13. Specifically, Claims 4, 8 and 13 are clearly patentable over the proposed *Kinney-Fisher* combination because

neither reference nor their proposed combination discloses, teaches, or suggests the combination of features recited in Appellants' Claims 4, 8 and 13. First, Claims 4 and 8 depend from Claim 5, and Claim 13 depends from Claim 15. Thus, Claims 4, 8, and 13 incorporate the elements of their respective independent claims, which Appellants have shown above to be allowable. Accordingly, Claims 4, 8, and 13 are allowable for at least the reasons discussed above with regard to Claims 5 and 15.

Additionally, Claim 4 recites "means for communicating a vendor bid having the best total cost for the product to the vendors without revealing the identification of the vendor with the best total cost to encourage competitive bidding by the other vendors." Claim 8 recites "communication means [that] enables messages to be sent to the vendors regarding the status of the bidding, ending time for the bidding and extensions of the bidding." Claim 13 recites that the software is further operable to "send data, comprising a vendor bid having the best total cost for the product, to the vendors during the auction without revealing the identification of the vendor with the best total cost." In the Office Action, the Examiner acknowledges that *Kinney* does not disclose, teach, or suggest the above-recited features. (*Office Action*, p. 6) Rather, the Examiner relies upon *Fisher* for disclosure of the features recited in Claims 4, 8, and 13. (*Id.*) The Examiner's reliance upon *Fisher* to cure the conceded deficiencies of *Kinney* is incorrect.

As discussed above, the bidders in *Fisher* are not the claimed **vendors** but rather the bidders in *Fisher* are potential **purchasers** who are competing for items on a merchandise catalogue page by submitting **ever-increasing** bids. The Examiner fails to indicate any portion of *Fisher* allegedly disclosing the limitations of Claims 4, 8, and 13 regarding the claimed **vendors** or **vendor bids**. For example, the Examiner fails to indicate any portion of *Fisher* allegedly disclosing "means for communicating a **vendor bid** having the best total cost . . . to encourage competitive bidding by **the vendors**," as recited in Claim 4. The Examiner also fails to indicate any portion of *Fisher* allegedly disclosing "communication means [that] enables messages to be sent **to the vendors** regarding the status of the bidding, ending time for the bidding and extensions of the bidding," as recited in Claim 8. In addition, the Examiner fails to indicate any portion of *Fisher* allegedly disclosing that data "comprising a **vendor bid** having the best total cost for the product," is sent to **the vendors** during the

auction,” as recited in Claim 13. The Examiner could not because *Fisher* provides no such disclosures, either expressly or inherently.

The Examiner attempts to cure these deficiencies by stating “the bidders in *Fisher* are broadly interpreted as either purchasers (forward auction format) or vendors (reverse auction format).” (*Office Action*, p 8). However, the terms “forward auction format” or “reverse auction format” do not appear in *Fisher*. Indeed, the Examiner bases this conclusory mischaracterization of *Fisher* entirely on the phrase “a variety of formats” appearing in the Abstract of *Fisher*. (*Id.*). As stated above, however, the particular “variety of formats” disclosed in *Fisher* fail to disclose variations where the bidders are potential **vendors** and instead *Fisher* discloses only formats where the bidders are **purchasers**. (*See, e.g.*, col. 10, line 6 through Col. 11, line 64 (disclosing the Standard Auction format, the Dutch Auction format, the Progressive Auction format, and the Buy or Bid format)). Thus, in the very least *Fisher* fails to disclose “means for communicating a **vendor bid** having the best total cost . . . to encourage competitive bidding by **the vendors**,” as recited in Claim 4; “communication means [that] enables messages to be sent **to the vendors** regarding the status of the bidding, ending time for the bidding and extensions of the bidding,” as recited in Claim 8; or that data “comprising a **vendor bid** having the best total cost for the product,” is sent to **the vendors** during the auction,” as recited in Claim 13.

E. The Kinney and Fisher References Teach Away from their Combination

Furthermore, the proposed *Kinney-Fisher* combination is improper at least because these references teach away from their combination. *See, e.g.*, In re Grasselli, 713 F.2d 731, 743, 218 USPQ 769, 779 (Fed. Cir. 1983). As discussed above, *Fisher* discloses a purchaser-bidder auction that has explicit objectives wholly at odds with *Kinney*. For example, *Fisher* emphasizes that:

A primary advantage of this system is that it results in **greater prices** for merchants as well as broader distribution of their products. By incorporating an auction format which is available to a wide audience via electronic means, the inventive system and method results in more bidders, greater demand, and hence **higher prices for the seller**.

(Col. 5, lines 7-9) (emphasis added). In contrast, *Kinney* discloses a “**supplier-bidding** auction [that] **requires** that the bidding product or service be defined by the buyer” who is interested in obtaining **lower prices** for supply relationship (Col. 2, lines 47-51). Thus, the *Kinney-Fisher* combination proposed by the Examiner is improper at least because the auctions disclosed in *Kinney* and *Fisher* have explicitly opposing objectives that teach away from the proposed combination.

F. The PTO has used improper hindsight reconstruction

In making the proposed *Kinney-Fisher* combination, the Examiner simply relies upon hindsight. Appellants respectfully submit that the M.P.E.P. and governing Federal Circuit case law summarized above clearly prohibit the hindsight reconstruction the Examiner has employed in making these rejections. To reiterate the pronouncement of the Federal Circuit provided in Section II.B. above:

Our case law makes clear that the best defense against the subtle but powerful attraction of hind-sight obviousness analysis is *rigorous application of the requirement for a showing of the teaching or motivation to combine prior art references*. Combining prior art references without evidence of such a suggestion, teaching, or motivation simply takes the inventor’s disclosure as a blueprint for piecing together the prior art to defeat patentability—the essence of hindsight.

175 F.3d at 999, 50 U.S.P.Q.2d at 1617 (emphasis added) (citations omitted). Appellants respectfully submit that the Examiner has employed the type of hindsight reconstruction explicitly forbidden by the M.P.E.P. and Federal Circuit.

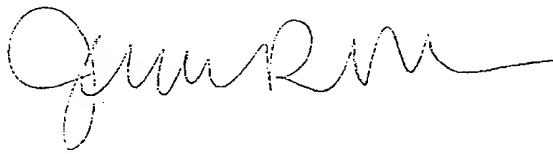
For at least these reasons, the Examiner failed to show that the *Kinney-Fisher* combination discloses, teaches, or suggests limitations specifically recited in dependent Claims 4, 8, and 13. Claims 4, 8, and 13 are therefore patentable over the *Kinney-Fisher* combination. Appellants respectfully submit that these rejections are improper and should be reversed by the Board.

CONCLUSION

Appellants have demonstrated that the present invention, as claimed, is clearly distinguishable over the prior art cited by the Examiner. Therefore, Appellants respectfully request the Board of Patent Appeals and Interferences to reverse the final rejection of the Examiner and instruct the Examiner to issue a notice of allowance of all claims.

The Commissioner is hereby authorized to charge \$540.00 to Deposit Account No. 02-0384 of Baker Botts for filing this Appeal Brief.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Jenni R. Moen', with a long horizontal flourish extending to the right.

Jenni R. Moen

USPTO Registration: 52,038

Telephone: 214 415-4820

Date: June 24, 2009

Customer No. **05073**

Appendix A: Claims on Appeal

2. **(Previously Presented)** The bidding system of Claim 5, wherein the bids include a plurality of parameters for the product and the total cost calculating means determines the total cost of the product to the purchaser using a pre-determined total cost formula.

3. **(Original)** The bidding system of Claim 2, wherein the total cost formula includes at least one pre-defined constant.

4. **(Previously Presented)** The bidding system of Claim 5, further comprising:
means for communicating a vendor bid having the best total cost for the product to the vendors without revealing the identification of the vendor with the best total cost to encourage competitive bidding by the other vendors.

5. **(Previously Presented)** An electronic bidding system, comprising:
means for enabling each of a plurality of vendors to submit electronic vendor bids on at least two parameters associated with a product, the electronic vendor bids submitted over an electronic communications network;
means for calculating a total cost of the product to a purchaser for each vendor in response to the vendors bids, the total cost taking into account the at least two parameters associated with the product;
means for enabling the purchaser to make at least one adjustment corresponding to at least one of the vendor bids which is used by the calculating means to determine the total cost of the product to the purchaser; and
means for outputting each of the vendors bids and the total cost of the product to the purchaser.

6. **(Previously Presented)** The bidding system of Claim 5, further comprising:
means for enabling communication with the vendors during the bidding.

7. **(Original)** The bidding system of Claim 6, wherein said communication means enables messages to be sent to the vendors to encourage further bidding by the vendors.

8. **(Original)** The bidding system of Claim 7, wherein said communication means enables messages to be sent to the vendors regarding the status of the bidding, ending time for the bidding and extensions of the bidding.

9. **(Previously Presented)** The bidding system of Claim 5, further comprising:
means for calculating an amount of savings for the purchaser and means for communicating the savings to the purchaser.

10. **(Previously Presented)** The bidding system of Claim 5, further comprising:
means for setting up the bidding on the product.

12. **(Previously Presented)** The electronic auction system of Claim 15, wherein the at least two parameters are selected from a group consisting of price, discount, delivery, installation, training, maintenance, the risks covered by warranty, and length of warranty.

13. **(Previously Presented)** The electronic auction system of Claim 15, wherein the software is further operable to send data, comprising a vendor bid having the best total cost for the product, to the vendors during the auction without revealing the identification of the vendor with the best total cost.

14. **(Previously Presented)** The electronic auction system of Claim 15, wherein the software is further operable to send data to the vendors during the bidding to stimulate competitive bidding.

15. **(Previously Presented)** An electronic auction system, comprising:
a computer readable storage medium;
software stored on the computer readable storage medium and operable, when executed, to:
 receive bids from a plurality of vendors, each bid comprising a plurality of parameters associated with at least one product;
 calculate the total cost of the at least one product to a purchaser for each vendor in response to the vendors' bids, the total cost taking into account the plurality of parameters associated with the at least one product;
 enable the purchaser to make at least one adjustment corresponding to at least one vendor bid which is used by the electronic auction system to calculate the total cost of the product to the purchaser; and
 output each of the vendors bids and the total cost of the product to the purchaser.
16. **(Previously Presented)** The electronic auction system of Claim 15, wherein the total cost calculated for each vendor uses a single formula for all vendors.
17. **(Previously Presented)** The electronic auction system of Claim 15, wherein the total cost calculated for each vendor uses a plurality of formulas, each vendor having one of the plurality of formulas associated with it.
18. **(Previously Presented)** The electronic auction system of Claim 15, wherein the plurality of parameters is further associated with a plurality of products.
19. **(Previously Presented)** The electronic auction system of Claim 15, wherein the auction results take into account vendors bids on a market basket of products.
20. **(Previously Presented)** The electronic auction system of Claim 15, wherein bids from vendors are received through an Internet.
21. **(Previously Presented)** The electronic auction system of Claim 15, wherein the software is further operable to provide a vendor with data about the status of an auction while the auction is in progress.

22. **(Previously Presented)** The electronic auction system of Claim 15, wherein the software is further operable to provide a purchaser with data about the status of an auction while the auction is in progress.

23. **(Previously Presented)** The electronic auction system of Claim 15, wherein the software is further operable to control which vendors are allowed to participate in an auction.

24. **(Previously Presented)** The electronic auction system of Claim 15, wherein the software is further operable to allow a total cost formula to be defined for each product in an auction.

25. **(Previously Presented)** A method of conducting an on-line auction, comprising:

receiving bids from a plurality of vendors, each bid comprising a plurality of parameters associated with at least one product;

calculating, using a computer, the total cost of the at least one product to a purchaser for each vendor in response to the vendors' bids, the total cost taking into account the plurality of parameters associated with the at least one product;

enabling the purchaser to make at least one adjustment corresponding to at least one vendor bid which is used by the computer to calculate the total cost of the product to the purchaser; and

outputting, using the computer, each of the vendors bids and the total cost of the product to the purchaser.

26. **(Original)** The method of Claim 25, further comprising:
defining a plurality of parameters for a category of products; and
defining a total cost formula for the category of products in response to the plurality of parameters.

27. **(Original)** The method of Claim 26, wherein the total cost formula includes at least one constant associated with at least one parameter.

28. **(Original)** The method of Claim 25, wherein the plurality of parameters includes price and non-price parameters.

29. **(Original)** The method of Claim 28, wherein the price parameters include at least one of a base price, volume discounts, rebates, life cycle discounts, utilization charges, maintenance charges and administration charges.

30. **(Original)** The method of Claim 28, wherein the non-price parameters include at least one of delivery timing, national service coverage, minimum quality levels, employee skill levels, a dedicated account management team, special reporting requirements, online ordering, warranty and length of contract.

31. **(Original)** The method of Claim 26, wherein defining a plurality of parameters comprises defining at least two sub-categories for the category of products, and defining at least two parameters for each subcategory.

32. **(Original)** The method of Claim 25, further comprising:
communicating the best vendor's bid to the other vendors to encourage competitive bidding.

Appendix B: Evidence

No evidence was submitted other than the reference attached to the Appeal Brief as Appendix C. No other evidence was entered by the Examiner and relied upon by Appellants in the Appeal.

Appendix C: Related Proceedings

As stated on page 4 of the Appeal Brief, this appeal is related to Appeal No. 2007-4252 decided by the Board of Patent Appeals and Interferences on March 26, 2008. There are no other known appeals, interferences, or judicial proceedings that will directly affect or be directly affected by or have a bearing on the Board's decision regarding this Appeal.



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46629	7590	03/28/2008		
BAKER BOTTS, LLP 2001 ROSS AVENUE, 6TH FLOOR DALLAS, TX 75201-2980			EXAMINER CHARLES, DEBRA F	
			ART UNIT	PAPER NUMBER
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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte THOMAS H. SLAIGHT, ALAN R. NORMAN,
PHILLIP W. KING, IV, and NIUL A. BURTON

Appeal 2007-4252
Application 09/737,697
Technology Center 3600

Decided: March 26, 2008

Before MURRIEL E. CRAWFORD, LINDA E. HORNER, and
BIBHU R. MOHANTY, *Administrative Patent Judges*.

HORNER, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Thomas H. Slaight et al. (Appellants) seek our review under 35 U.S.C. § 134 of the final rejection of claims 1-32. We have jurisdiction under 35 U.S.C. § 6(b) (2002).

SUMMARY OF DECISION

We REVERSE.

THE INVENTION

The Appellants' claimed invention is to a sourcing system and method for purchasing products or services using a multi-parameter auction (Spec. 1:10-12). The invention allows an entity to purchase products using an auction process that takes into account variables (parameters) of interest to the purchaser other than price (Spec. 3:12-15). These parameters, such as discount, delivery, installation, training, maintenance, switching costs, and warranties, can be factored into a total cost for the product (Spec. 3:15-19). Thus, the purchaser can efficiently take multiple parameters into account when making a purchase (Spec. 3:19-22). Claim 1, reproduced below, is representative of the subject matter on appeal.

1. An electronic bidding system, comprising:
 - means for enabling each of a plurality of vendors to submit electronic vendor bids on at least two parameters associated with a product, the electronic vendor bids submitted over an electronic communications network;
 - means for calculating a total cost of the product to a purchaser for each vendor in response to the vendors bids, the total cost taking into account the at least two parameters associated with the product; and
 - means for outputting each of the vendors bids and the total cost of the product to the purchaser.

THE REJECTIONS

The Examiner relies upon the following as evidence of unpatentability:

Adams	US 3,573,747	Apr. 6, 1971
Gindlesperger	US 6,397,197 B1	May 28, 2002

The following rejections are before us for review:

1. Claims 1-3, 6-12, 14, and 16-32 are rejected under 35 U.S.C. § 102(b) as anticipated by Gindlesperger.¹
2. Claims 4, 5, 13, and 15 are rejected under 35 U.S.C. § 103(a) as unpatentable over Gindlesperger and Adams.

ISSUE

The Appellants contend that Gindlesperger does not disclose, teach, or suggest a “means for enabling each of a plurality of vendors to submit electronic vendor bids on at least two parameters associated with a product” (App. Br. 18; Reply Br. 2). Rather, Gindlesperger allows vendors to submit electronic vendor bids based on only a single parameter, i.e., price (App. Br. 19; Reply Br. 2-3). The Appellants further contend that Gindlesperger does not disclose, teach, or suggest “means for calculating a total cost of the product to a purchaser for each vendor in response to the vendor bids, the total cost taking into account the at least two parameters associated with the product” (App. Br. 19; Reply Br. 4). Rather, Gindlesperger’s server merely

¹ We note that Gindlesperger is not available as prior art under 35 U.S.C. § 102(b). This error, however, is without consequence, because Gindlesperger is available as prior art under 35 U.S.C. § 102(e).

considers the vendor prices submitted and selects the lowest price (App. Br. 20; Reply Br. 4-5).

The Examiner found that Gindlesperger discloses the enabling means, because Gindlesperger allows multiple vendor bids to be submitted and states that such bids are determined based on the product, delivery, and other requirements, and thus bids are submitted based on at least two parameters associated with a product (Ans. 3-4 and 12 (citing Gindlesperger, col. 7, l. 60 through col. 8, l. 2)). The Examiner further found that Gindlesperger discloses calculating means in that the reference states it enables each vendor to prepare a more precise calculation of its responding bid (Ans. 4 (citing Gindlesperger, col. 5, ll. 28-35) and 12-13 (citing Gindlesperger, col. 7, l. 65 through col. 8, l. 2)).

The issue before us is whether the Appellants have shown that the Examiner erred in finding that Gindlesperger discloses the claimed enabling means and calculating means.

FINDINGS OF FACT

We find that the following enumerated findings are supported by at least a preponderance of the evidence. *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1427 (Fed. Cir. 1988) (explaining the general evidentiary standard for proceedings before the Office).

1. Gindlesperger's system and method includes receiving an initial vendor pool data set from each buyer, entering the vendor pool data into a database, transmitting an invitation to subscribe to each

vendor in the initial pool, receiving vendor capability data for those vendors who respond to the invitation, entering that vendor data into a database, receiving a buyer's invitation-for-bid describing a particular product or service the buyer wishes to purchase, calculating or extracting a vendor selection criteria from the buyer's invitation-for-bid, comparing and correlating the selection criteria to the vendor capability data to determine which vendors qualify to bid, transmitting the buyer's invitation-for-bid to each vendor who qualifies to bid, receiving bids from the selected vendors where each bid represents that vendor's price for the requested product or service, and selecting the responding bid having the lowest represented vendor price (Gindlesperger, col. 4, l. 55 – col. 5, l. 27; and col. 7, l. 39 – col. 8, l. 10).

2. Gindlesperger states that when the invitation-for-bid is sent to the qualifying vendors, the system specifies the product or service “in a consistent, standardized format so that each receiving vendor will understand clearly all product, delivery and other requirements” for the product or service requested. Gindlesperger explains that this ensures the bids received from vendors are comparable and that mistakes as to the requirements of the buyer are minimized, while enabling each vendor to prepare a more precise calculation of its bid (Gindlesperger, col. 7, ll. 60-col. 8, l. 2).
3. As such, Gindlesperger discloses that vendors submit bids in the form of a bid price and that this price may take into account all of

the buyer's requirements, including the product or service requested, delivery, and other requirements.

4. Gindlesperger does not disclose that the vendors' bids input into Gindlesperger's system include anything other than price.
5. As such, Gindlesperger's system and method compares each vendor bid price against the others to determine the lowest priced bid, where this comparison is based on a single parameter, *viz.*, price.
6. Gindlesperger's system does not perform any calculation of a total cost, nor does it look to any parameters other than price in its selection of a winning bid.
7. Adams describes a system in which securities can be traded through a computerized trading system (Adams, col. 2, ll. 19-24). To facilitate these trades, the system maintains a "book" of buy and sell offers relating to securities (Adams, col. 2, ll. 25-27). If an offer to sell a certain number of shares of a company matches a corresponding offer to purchase shares of the same company, the system will automatically effect a transaction (Adams, col. 7, ll. 24-32). If, however, there is no corresponding buy offer, or if the sell offer is only partially transacted, then the remaining shares of the sell offer are broadcast to subscribers (Adams, col. 2, ll. 40-43 and col. 7, ll. 36-39). Once an interested subscriber responds to the offer, the system sends this response to the originator of the offer and allows the originator to enter into an exchange of bids,

offers, and other negotiating messages with the subscriber (Adams, col. 2, ll. 69-75). Although a transaction in Adams involves two parameters, e.g., price and number of shares (Adams, col. 3, ll. 17-19), Adams does not teach or suggest performing a calculation of a total cost of a product to a purchaser based on these two parameters (Adams, *passim*). Rather, Adams discloses only either automatically completing a transaction or forwarding the subscriber's response or bid to the offer originator.

PRINCIPLES OF LAW

"A claim is anticipated only if each and every element as set forth in the claim is found, either expressly or inherently described, in a single prior art reference." *Verdegaal Bros. v. Union Oil Co. of California*, 814 F.2d 628, 631 (Fed. Cir. 1987).

"Section 103 forbids issuance of a patent when 'the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.'" *KSR Int'l Co. v. Teleflex Inc.*, 127 S.Ct. 1727, 1734 (2007). The question of obviousness is resolved on the basis of underlying factual determinations including (1) the scope and content of the prior art, (2) any differences between the claimed subject matter and the prior art, (3) the level of skill in the art, and (4) where in evidence, so-called secondary considerations. *Graham v. John Deere Co.*, 383 U.S. 1, 17-18

(1966). *See also KSR*, 127 S.Ct. at 1734 (“While the sequence of these questions might be reordered in any particular case, the [*Graham*] factors continue to define the inquiry that controls.”)

ANALYSIS

Rejection of claims 1-3, 6-12, 14, and 16-32 under 35 U.S.C. § 102(b) as anticipated by Gindlesperger

Independent claims 1, 11, and 25 each recite the operation of calculating a total cost of a product to the purchaser where this calculation of the total cost takes into account at least two parameters associated with the product. Gindlesperger’s system and method receives bids from qualified vendors, where each bid represents that vendor’s price for the requested product or service, and selects the responding bid having the lowest represented vendor price (Fact 1). Gindlesperger discloses that the vendors can take into account all of the buyer’s requirements in forming their bid price (Facts 2-3), but it does not disclose that the vendors’ bids sent to Gindlesperger’s system include anything other than price (Fact 4). As such, Gindlesperger’s system and method compares each vendor bid price against the others to determine the lowest priced bid, where this comparison is based on a single parameter, *viz*, price (Fact 5). Gindlesperger does not perform any calculation of a total cost, nor does it look to any parameters other than price in its selection of a winning bid (Fact 6). As such, Gindlesperger does not anticipate independent claims 1, 11, and 25 or any of their rejected

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dependent claims 2, 3, 6-10, 12, 14, 16-24, and 26-32. Accordingly, we do not sustain the Examiner's rejection of claims 1-3, 6-12, 14, and 16-32.

Rejection of claims 4, 5, 13, and 15 under 35 U.S.C. § 103(a) as unpatentable over Gindlesperger and Adams.

The Examiner relies on Adams for the teachings of notifying the vendors of the winning bid amount without revealing the identification of the winning vendor (claims 4 and 13) and allowing a vendor to make an adjustment to his bid (claims 5 and 15). Claims 4 and 5 depend from claim 1, and claims 13 and 15 depend from claim 11. Adams does not teach or suggest performing a calculation of a total cost of a product to a purchaser based on at least two parameters associated with the product, as required in claims 1 and 11 (Fact 7). Thus, Adams does not cure the deficiency of Gindlesperger as discussed *supra*. As such, the combination of Gindlesperger and Adams does not render obvious the subject matter of claims 4 and 5, which depend from claim 1, and claims 13 and 15, which depend from claim 11. Accordingly, we do not sustain the Examiner's rejection of claims 4, 5, 13, and 15.

CONCLUSIONS OF LAW

We conclude the Appellants have shown that the Examiner erred in rejecting claims 1-3, 6-12, 14, and 16-32 under 35 U.S.C. § 102(b) as anticipated by Gindlesperger, and claims 4, 5, 13, and 15 under 35 U.S.C. § 103(a) as unpatentable over Gindlesperger and Adams.

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DECISION

The decision of the Examiner to reject claims 1-32 is reversed.

REVERSED

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